RSM INDONESIA NEWSLETTER | QUARTER III-2020

WAKE UP CALL

Welcome to issue 55 of Wake Up Call - RSM Indonesia newsletter covering topics on audit, accounting, business, corporate finance, transaction support, governance, internal control, management, risk, and taxation.

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Corporate Secretarial Deadlines

Nicholas Graham, Business Services Practice

In addition to taxation, all companies have other obligations imposed by the Company Law, their business licenses and other regulations. This article provides a summary of the typical non-taxation obligations and the related deadlines so that clients can manage these obligations on a timely basis to avoid future surprises, penalties or disruptions.

REQUIREMENT	DESCRIPTION	DEADLINE
Company Law		
Annual Business Plan	The Annual Business Plan should include the budget for the next financial year. The Annual Business Plan should be approved by Board of Commissioners or Shareholders.	Before commencement of the next commercial year.
Annual Meeting of Shareholders ("AGM")	To approve the Company's Annual Report and Financial Statements, and other matters.	The sooner of 6 months after year-end or any date specified in the Articles of Association.
Annual Meetings of Directors and Commissioners	To approve the Company's Annual Report and Financial Statements prior to presenting these to the shareholders in the AGM.	Prior to the AGM and subject to relevant notice periods.
Share Certificates	Shareholders shall receive certificates as evidence of their shareholdings.	No deadline is stated. n practice, these should be issued after the Company has received the approval/acknowledgement from the Minister of Law & Human Rights for the establishment of the company, issue of additional shares or transfer of shares.
Register of Shareholders	Shareholders' details must be recorded in a register so that they can enforce their rights, including to receive dividends.	No deadline is stated. The Board of Directors is required to prepare the register following establishment of the Company and to update this for any change of shareholders.
Register of (Equity) Interests of Directors & Commissioners	To manage potential conflicts of interest, the Company shall create a register of shareholdings held in any company by the directors, commissioners and their children.	No deadline is stated. Risks exists, in particular for a relevant director or commissioner, if they fail to disclose any interest and there was a conflict that caused a loss for the Company.
Financial Statements	Required to be presented to the AGM after approval by the directors and commissioners.	No later than the date of the Annual Meeting of Directors.
Audited Financial Statements	Required if the Company has assets or revenue of Rp 50 billion or more, or if it meets other regulated requirements.	No later than the date of the Annual Meeting of Directors.

Ministry of Trade		
Company Annual Financial Report (LKTP)	Minister of Trade Regulation No 25/2020 appears to require all PMA Companies to lodge an LKTP. In addition to specified companies, other companies with assets of at least Rp 25 billion must also file an LKTP. The LKTP also requires a copy of the Audited Financial Statements and AGM minute.	No later than 6 months after the year-end.
Bank Indonesia		
Registering Foreign Loans ("ULN")	A report must be submitted to Bank Indonesia "BI") if there is a loan from overseas.	There is no deadline to register the loan to BI.
Monthly ULN report	Required each month to show the balance of the foreign loan (i.e. even if there is movement).	No later than the 15th of the following month.
Plan for New Foreign Loan (RULN)	The Company must inform BI regarding any plan for new Foreign Loans. If the Company does not plan to receive new debt, the Company still must report the RULN with nil figure or no new loan. The Company must submit the RULN twice a year.	Submitted for each year, no later than 15 March. Changes to the RULN are submitted no later than 15 June.
Implementation of Prudential Principles in the Management of Offshore Loans for Non-Bank Corporations (KPPK) quarterly report	Required if a Company has received any loans from overseas that are denominated in foreign currencies.	Quarterly, before the end of the next quarter (e.g. by 31 March for the October-December quarter).
KPPK annual report	Includes Audited Financial Statements and an Audit Attestation Report.	30 June.
Licensing		
Investment Activity Report (LKPM)	All PMA Companies and any Indonesian owned company with issued capital exceeding Rp 500 million must lodge a quarterly LKPM.	Quarterly, by the 10th of the following month (e.g. 10 April for the January-March quarter).
Department of Manpower		
Manpower Report ("WLK")	All business entities, either profit or non-profit oriented must lodge the WLK Report.	The first Manpower Report must be submitted at the latest 30 days after the Company is established, and then annually based on the date of submission from the first report.
Welfare Benefits Report ("WLP")	For Jakarta – but similar may be required in other locations.	The regulation does not clearly mention a deadline. Non-compliance may impact on the processing of any DKI Jakarta-issued licenses.

Do note the table is only a high-level summary. You are welcome to consult our corporate secretarial team if you wish to fully understand these obligations and whether your company should comply.

For further information, please contact:
contact@rsm.id

ISO37001: 2016 Anti-Bribery Management System – Beyond Being Certified

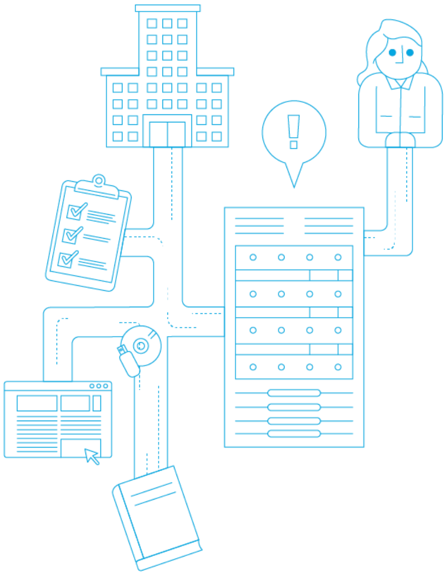
GMB Daniel Probo, Consulting Practice

Heightened Fraud Risks During the Period of Crisis

Crisis can be interpreted as an inherently unstable, complex, and abnormal condition that delineate a threat to an organization's strategic objectives, operation, and existence. In this situation, like the current COVID-19 pandemic, most companies struggle with their business sustainability which particularly affected from the normal business disruption that leads to a dwindling financial condition eventually.

While main focus is to deal with the crisis and its impact, companies' top executives ought to aware that their organizations are vulnerable and could not bear additional burden that could happen as an impact of the increasing fraud risks due to a weakened controls that might be happened.

Priorities shifting and budget streamlining are considered an ordinary respond that usually taken by the companies during a crisis, however, it must be meticulously analyze and wisely considered since they could also be a grave repercussion for the companies if the decisions significantly impacting the companies' governance and key controls activities over the critical processes. For example, (1) expedite the procurement and expenses disbursement processes and eliminate some key controls, and (2) absence of previous risk assessments and internal audit processes, and precaution, disclosure, and investigation of fraud.



Gradual increase of the fraud cases number are a logical impact due to current crisis condition. Vulnerable organizations attract Fraudsters, whether external or internal, and they are awaiting for opportunities to act and leave maximum damage for their preys. Understand clearly of that, organizations are encouraged to enhance their implementation of fraud risk management, and its controlling and monitoring activities as a crucial conscious actions to anticipate and handle the fraud risk.

According to the survey of ACFE on 2020 Report to the Nations, and the ACFE (Association of Certified Fraud Examiners) – Fraud in the wake of COVID-19: Benchmarking Report, corruption risk represents the highest risk of the most common occupational fraud schemes happened for the most industries with typically last for 18 months before being uncovered. And bribery, as the most common and widely cases happen in terms of corruption, has become one of the significant risk, with over US$1 trillion paid in bribes each year estimated by the World Bank, since many organizations consider it as a catalyst to penetrate and success in the market.

The term "bribery" refers to any offering, giving, accepting or promising advantages with any value or bribe in order to influence the decision, action or judgment of persons in charge of a duty. The bribery can be anywhere, in any value, and can involve financial or non-financial benefits.

Preventing and increasing awareness about the complexity and destructive damages of bribery for organizations have become a worldwide initiative that starting from organizations and individual awareness to have responsibility in contributing to bribery prevention and detection.

This goal can be met through a commitment, transparency, and compliance with the anti-bribery management system framework.

ISO 37001:2016 Anti-Bribery Management System

Anti-Bribery Management System establishes, implements, maintains, and reviews control design in order to improve management strategies and objectives which address an organization bribery risks. Implementation of the anti-bribery management system program, whether as a stand-alone initiative or part of a broader anti-corruption/ anti-fraud compliance program, signifies organization strong commitment to ethical behaviour and culture, avoid potential bribery risks, and increase reputation.

Therefore, an effective implementation and continuous enhancement of the Anti-Bribery Management System is become an essential part for an organization.

ISO37001 comprises several key clauses which provide requirements and guidance that required to be implemented for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system that could helps an organization to prevent, detect and respond its bribery risks, improve the existing related controls, develop an effective anti-bribery policies and processes, and encouraging a decent business culture within the organization, while also comply with the respective anti-bribery-laws.

ISO 37001 implementation requires a leadership and input from top management, and series course of actions such as adopting an anti-bribery policy, communicating the policy and programme to all staff and external parties such as contractors, suppliers, and joint venture partners, appointing someone to oversee the policy compliance, vetting and training employees, perform risk assessments on processes, projects, and business associates, implementing financial and commercial controls, and instituting the reporting and investigation procedures.

In this way, implementing a continuous effective ISO 37001 also can be used as an evidence for organizations, in the event of a criminal investigation, that they have taken reasonable steps to prevent bribery.

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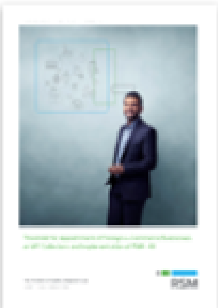
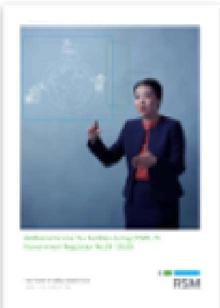
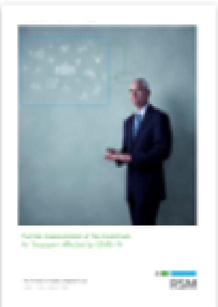
RSM Indonesia Client Alert


To read more about the Client Alert, click **here** or visit www.rsm.id.

In the 3rd quarter of 2020, we have published several editions of Client Alert which include:

- Further Improvement of Tax Incentives for Taxpayers Affected by Covid-19
- Extension & Expansion of Tax Incentives for Taxpayers Affected by Covid-19
- Threshold for Appointment of Foreign e-Commerce Businesses as VAT Collectors and Implementation of PMK-48
- Requirements for a Public Company to Use Reduced Rate of Corporate Tax (Government Regulation No. 30/2020)
- Additional Income Tax Facilities during Covid-19 (Government Regulation No. 29/2020)

Tax Policy for Supervision and Review of Taxpayers to Expand Tax Collection (SE-07/2020 & SP2DK)

Selamat Carl F. and Dyah Ambarwati, Tax Practice

In recent years the Directorate General of Taxation ("DGT") has been set increasingly higher revenue targets by the Government. In response, the DGT has stated it will extensity and intensify the tax base by registering new taxpayers and ensuring all taxpayers are promptly paying all their taxes. To support this, the DGT issued Circular Letter No. SE-07/PJ/2020 ("SE-07") dated 27 February 2020 to provide guidance to the tax officers for their supervision and review of taxpayers.

As stated in SE-07 the DGT have segmented taxpayers into two categories:

A. Strategic taxpayers – who will be subject to comprehensive supervision and review. These taxpayers include:
   - All taxpayers registered in KPP in Kanwil DJP Wajib Pajak Besar (LTO), KPP in Kanwil DJP Jakarta Khusus, and KPP Madya; and
   - Taxpayers under KPP Pratama that recently paid a large amount of tax or that meet other criteria set by the DJP.

B. Taxpayers registered in KPP Pratama – who will be subject to supervision and review based on the plan of that particular KPP. These taxpayers might be:
   - Taxpayers that pay a large amount of tax, government institution, Joint Operation (JO), and companies that handle customs activities (Perusahaan Pengurusan Jasa Kepabeanan (PPJK), such as freight forwarders);
   - Taxpayers that have not yet obtained a taxpayer identification number (NPWP).

The review process will usually be led by the taxpayer's Account Representative; however, it could also involve an officer from the DGT's Tax Extensification Section, Appraisal Team or Tax Auditor.

The review could be limited to the current year or include earlier years, with a scope and data utilization as follows:

a. Review on current year – conducted on one or more types of tax based on data and/or information held and/or obtained by the DGT (e.g. from banks and other institutions or from AEOI data exchanges with foreign tax authorities).

b. Review of on previous year(s) – covering formal compliance, including accuracy of the tax returns, tax payments, and the appropriateness of Business Field Classification (Klasifikasi Lapangan Usaha (KLU)), since this is used in the DGT database for analytical review and other profiling). Amongst others, the review could utilize:
   - the taxpayer's risk profile based on the DGT's Compliance Risk Management (CRM) system;
   - internal and external data, including data from other government agencies (e.g. PPATK), associations, financial institutions and other parties, and AEOI exchanges;
   - financial statements;
   - results of tax audit, objection, and appeals;

- result from any Analysis Report (Laporan Hasil Analisis (LHA)) of the Financial Data Analysis Team or Task Force, LHA of Directorate of Tax Data and Information, and LHA of Regional Office of the DGT; and
- visit to the location of taxpayer.

Following the review, the DGT will then issue a Request for Clarification (Surat Permintaan Penjelasan atas Data dan/atau Keterangan - SP2DK) to the taxpayer to request an explanation for any variances between the information held by the DGT and the tax payments and returns already submitted. The taxpayer will be given 14 days to respond to the SP2DK, however, the Head of the KPP is authorised to provide an extension of time if this is requested by the taxpayer. The taxpayer can also be invited to meet the tax officials to discuss the SP2DK and the taxpayer's response.

The potential outcomes of the review will be:

- the case is considered complete with no further action required if the taxpayer has proved there is no non-compliance; supervision of the submission of any tax return or amended tax return if the taxpayer agreed with the results of the review and the taxpayer agrees to make corrections to the tax return(s) and pay the relevant taxes (tax penalty notices will then be issued following payment of the additional taxes);
- the Head of the Tax Office can propose a tax audit in case there is clear data suggesting non-compliance and there is no response to the SP2DK within 14 days; or
- the Head of the Tax Office can propose the taxpayer is subject to a preliminary investigation (pemeriksaan bukti pemulaan) if there are allegations of tax crimes.

RSM COMMENT:

- Although SE-07 is internal guidance for the tax officers, its release to the public might also act as a psychological "push" to encourage taxpayers to review their existing compliance.
- The SP2DK is the initial step towards a tax audit or preliminary investigation if there is a suspicion that the taxpayer has committed taxation crimes.
- Taxpayers should be proactive to respond in 14 days to any SP2DK issued by the DGT and either provide the requested data or request an extension of time.
- The review process provides an opportunity for early discussion with the Tax Office compared to a future tax audit. If there are valid adjustments, then this might result in lower penalties compared to if the adjustments occurred several years later during a tax audit or investigation.
- As always, taxpayers need to actively manage their tax compliance and ensure they properly document and maintain (store) complete and proper transaction documentation and records for at least 10 years.

For further information, please contact:
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Financial Rapid Test

Saptoto Agustomo, Consulting Practice

There are many financial indicators that can be used, both financial performance and financial position. Financial soundness level test includes absolute value and relative value (ratio) of performance achievement and financial position. This article provides a quick guide to the most important and frequently used measurement tools.

Every business must of course be able to maintain its business continuity in the long term. To get there, in short term and medium term, company has a series of targets, especially financial. This can be done by compiling an annual budget, a mid-term budget, and ultimately long-term budget. The budget generally includes financial performance and financial position.

The main indicators of financial aspects are very diverse, which are usually measured in absolute value and in ratios that indicate financial performance and financial position. The following are financial indicators which in the opinion of the author are the most important.

REVENUE is the main source of the increase in economic value obtained by company from its activities; from the sale of products and/or services to customers. Some of the measurements include revenue turn over and revenue growth. It is important to know how much the amount of revenue in a period (month or year) that shows the company's ability to generate from its business. However, revenue growth is an important indicator of market acceptance of the company's products and services. Consistent revenue growth is considered important for public companies (issuers) and their investors.

ASSETS is an economic resource whose nature provides business benefits in the future, both tangible and intangible. In the context of financial indicators, assets here also apply to net assets or equity; assets after deducted by liabilities. One of the measurement tools used is the Return On Assets (ROA). In addition, several ratios are derived from the asset component, such as Current Ratio, Cash Ratio, Inventory Turn Over, Outstanding Receivable and Collection Periods; and the ratio of Total Own Capital to Total Assets.

PROFIT is net profit after tax. Some important measurements derived from absolute financial performance measures of profit are Return On Equity (ROE) and Return On Investment (ROI). ROE describes the rewards to shareholders which measures the ability of company to generate profits to its shareholders. In other words, the return on equity ratio shows how much profit each dollar of common stockholders' equity generates. ROI is a performance measure used to evaluate the efficiency of an investment. It is a ratio that compares the gain or loss from an investment relative to its cost (capital employed).

Analysts and investors have become accustomed to using derivative benchmarks of Profit such as Earnings Before Interest Tax Depreciation and Amortization (EBITDA); by adding back the value of interest, tax, depreciation and amortization to the Net Profit.

INTEREST is the interest expense on loans and other debt instrument that the company receives from creditors, both from banks and other lenders. For companies that have loans from creditors, the measure of the ability to pay interest is very important. Interest Coverage Ratio measures the ability of a company to pay the interest on its outstanding debt. A high ratio indicates that a company can pay for its interest expense several times over, while a low ratio is a strong indicator that a company may default on its loan payments.

DIVIDEND is a return on investment to shareholders, either in cash or in shares. Dividend pay-out ratio is the ratio of the total amount of dividends paid out to shareholders relative to the net profit of the company. It is the percentage of earnings paid to shareholders in dividends.

Thus, there are five indicators that can be quickly used to test the level of financial soundness known as the RAPID TEST; consisting of Revenue, Assets, Profit, Interest, and Dividend.

For further information, please contact:
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Indonesia Facts


Photo: Wira Adhyatma

ONDEL ONDEL JAKARTA

Ondel-ondel is a large puppet figure featured in Betawi folk performance of Jakarta, Indonesia. It is utilized for livening up festivals or for welcoming guests of honor, usually in pairs. Ondel-ondel is one of a few Indonesian folk performances that has survived modernization and is still being regularly performed. After the independence of Indonesia, the function of ondel-ondel was shifted from a protective spirit figure into an iconic figure of entertainment. Around this period, ondel-ondel was made a mascot of Jakarta and were always included in celebratory events such as inauguration of new buildings, welcoming guests of honor, or attending a wedding ceremony. Ondel-ondel performance is then always accompanied with Betawi music such as tanjidor or gambang kromong.

Source : Wikipedia

New Personnel at RSM Indonesia

Mulyo Basuki, Tax Partner

Mulyo Basuki has joined RSM Indonesia as a Tax Partner. He has more than 27 years of experiences in tax compliance, tax advisory, tax planning, tax dispute, tax accounting and tax due diligence. He is a registered accountant and holds a C Level Tax Consultant Certification.

Sundfitris Lamhot Marulitua Sitompul, Tax Partner

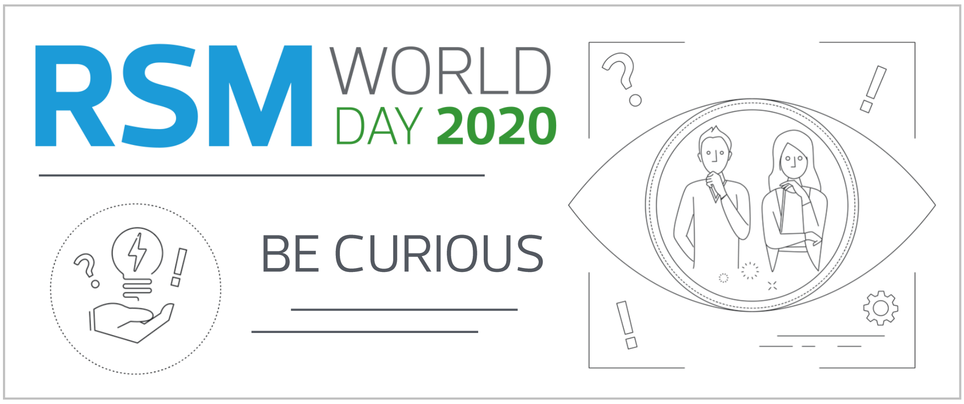
Sundfitris Lamhot Marulitua Sitompul has joined RSM Indonesia as a Tax Partner. He has more than 28 years of experiences in Indonesian taxation including but not limited to income taxes, indirect tax, tax review, due diligences, tax dispute, tax structuring and tax compliance. He has work experience in Indonesia and Australia.

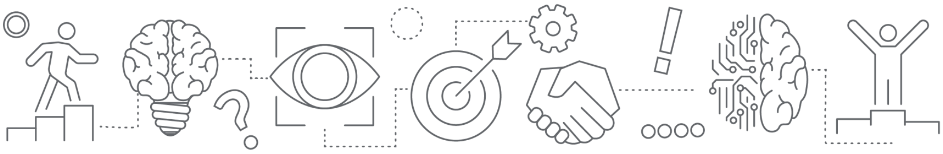
Our Activities

RSM World Day

29 September 2020 marked as RSM World Day, a global celebration of the RSM's vision and values. This year theme was "Be Curious" and at the same date all member RSM from 120 countries shared same vision and enthusiasm.

Due to Covid-19 pandemic, we celebrated the RSM World Day virtually and sharing the RSM global update through video presentation by CEO RSM International, Jean Stephens.



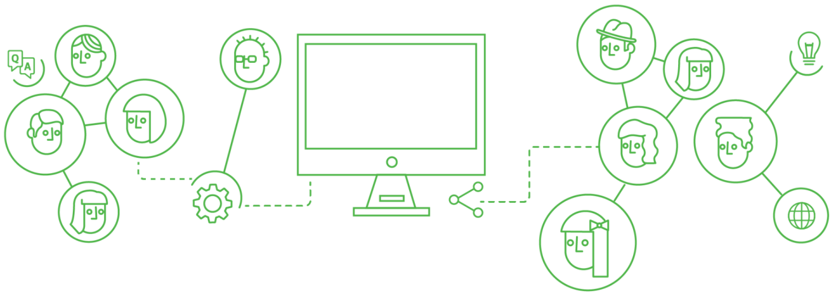


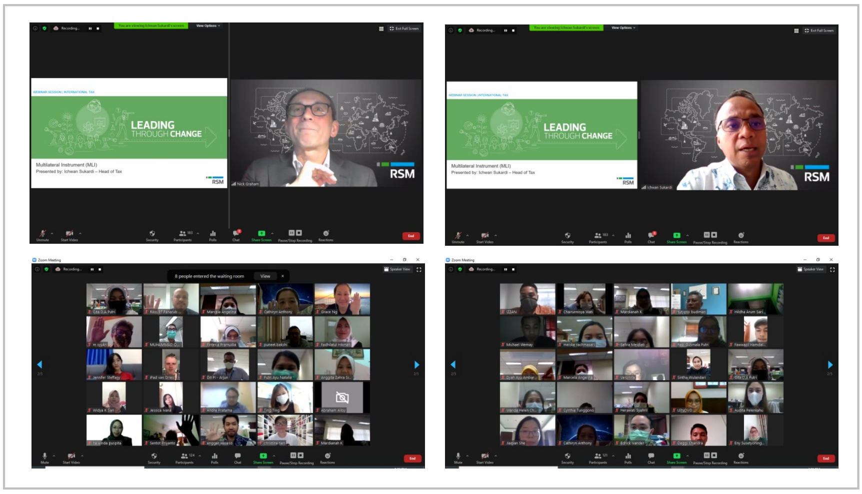
RSM Indonesia Webinar

We keep our commitment in updating the current issues through our webinar series. On the 3rd quarter of 2020, we successfully conducted several consulting and tax webinars. The webinars were presented by our professionals and colleagues, and attended by more than 150 participants each webinar.

We are also honored that we have an opportunity to collaborate with Director of International Taxation from Directorate General of Taxes (DGT) in our tax webinar held in August, which discussed on International Tax.

We hope the webinars were helpful and informative. See you at our next event!





Thank you for reading

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